

ALTERNATIVES ON NIS

Alternative 1: CIA to discontinue financing NIS production by IAC Agencies, notifying the Bureau of the Budget and the Department of State of this fact and requesting the State Department to budget accordingly.

Possible Effects:

a. The Department of State would be unlikely to accept this responsibility because by tradition they have come to assume this responsibility belongs to the Director, and in any event the Department's interest in the production of NIS is so marginal to ^{it} their main interests and responsibilities that ^{it} they would not want to take on the additional hazards, particularly as regards the Congress, in requesting higher personnel and additional funds. However, even if the Department did request the necessary funds to continue the production at the current rate or with the expansion proposed in the USIA Survey and their request got as far as the Congress, it is doubtful that the total appropriation from the Congress (which would likely be considerably less than the request) would be allocated in the full amount for NIS production.

b. The earliest budget in which the above could apply would be that for fiscal year 1957 and the outcome could not be known definitively until July 1956. Insofar as the decisions of the Congress and of the Department in making allocation are short of the production rate proposed, readjustments would be required with other agencies, and this almost certainly means CIA, or else Intelligence is to accept the effects of the reductions.

c. In the event that the Department, when notified of this decision of the Director to discontinue reimbursement, might refuse to accept the responsibility for budgeting for the NIS. In such an eventuality CIA could inform the Department and the Bureau of the Budget and, of course, at the appropriate time, the Congress, that CIA intends to budget for and to develop the staff for the production of the requisite NIS. In this instance CIA will be open to charges that (a) it is invading an area of research the dominant interest for which rationally and historically belongs to the Department of State; (b) that all of the arguments hereto applicable for keeping the NIS in the Department of State through reimbursement (namely dominant interest, competence, efficiency, and

quality) are now shown to have been misguided or down-right falsehoods, or that the NIS will now be produced less efficiently, with less competence, and with consequently less quality. In addition, the transfer of the whole of NIS now assigned to State, would have the effect of seriously weakening the intelligence organization in State both in terms of its contribution to meet departmental needs and its contributions to NIEs. Relations with State are almost bound to deteriorate as State gets weaker, as demands force CIA into developing intelligence materials based on NIS research but of a political estimating type. It can also be anticipated that, with the State organization now truncated, the Department will be encouraged to do what many of its officers have long wanted to do, namely, to get rid of the intelligence organization except for possibly a small staff assigned to Mr. Armstrong or ^ahis special assistant, placing the freed assets in the political bureaus. (^{or *in alternative I*} Variation of this proposal might be that, while the Director would make a coordinated budget estimate and justification to the Bureau and possibly to the Congress on NIS, each agency would carry its own budget item for NIS production.)

Alternative II. CIA to budget for the whole of NIS production by IAC agencies.

Possible Effects:

a. The full cost of the NIS program (except for collection) would ~~probably~~ thus be exposed to the Bureau and to the Congress. Under such an arrangement there would be greater likelihood of stability in production in keeping with the schedules. This is supported by experience in regard to comparing State and military production, the latter being generally behind schedule more than State production.

b. While the State Department has adjusted its internal administration satisfactorily to make an accounting of its utilization of NIS funds to CIA this might be more difficult for the military. Departmental ceilings in Defense might cause a problem. The military would probably object to the lack of flexibility in the utilization of NIS personnel which normally applies in the way in which they administer NIS production. Thus, in times of crisis, NIS personnel (it is understood) have been drawn off almost entirely for critical work.

c. Finally, experience in submitting a coordinated budget on a coordinated program might lend experience and insight for the future in seeking to move toward a coordination of all intelligence agency budgets for intelligence purposes.

Alternative III. Continue as at present.

Possible Effects: In general, the program would continue as it is. The Department of State's intelligence organization would probably continue at about the same strength.